

Pierre Werner and monetary Europe — Chronology, by Elena Danescu

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Pierre Werner and monetary Europe — Chronology

1957

25 March

Signing of the Treaty of Rome:

- Article 67 lays down that the ‘Member States shall progressively abolish between themselves all restrictions on the movement of capital’.
- Article 105 provides for the setting up of a Monetary Committee with advisory status to promote the coordination of monetary policies.
- Article 107 lays down that each Member State shall treat its policy with regard to rates of exchange as a matter of common concern.

1958

27 December

Ten European countries restore the convertibility of their currencies as laid down in Article VIII of the Articles of Agreement of the IMF.

The European Payments Union (EPU, set up in 1948) is replaced by the European Monetary Agreement (EMA), establishing a special European margin of fluctuation against the US dollar ($\pm 0.75\%$ instead of $\pm 1\%$) under the Bretton Woods agreements.

1960

21 November

Lecture on ‘The meanings of monetary integration’ delivered in Strasbourg by Pierre Werner, Minister of State, President of the Government of Luxembourg, Minister for Finance.

The main points of his theory — based on the lessons learned from experience of the Benelux (‘an economic union without a currency, but harking back to a monetary agreement of 1943’) were as follows:

- ‘economic cooperation and integration are more directly achieved through the use of the monetary instrument’; ‘monetary rapprochement between sovereign countries can only be gradual and concomitant with the rapprochement of economic policies; the adoption of a single currency occurs at the end rather than the beginning of the process of integration’;
- ‘a common market among sovereign countries presupposes not only a financial order within the community but a financial order on a wider international, continental or global scale’. As for the ‘financial area of the Six’, it is not enough for it ‘to be incorporated into a wider monetary system’, but ‘their financial policies must be given a more marked Community orientation’.

Proposal: ‘The progressive implementation of a European currency of account’ capable of reducing the risks posed by speculative movements of capital associated with currency devaluations and/or revaluations.

- ‘an accounting currency in the EEC’s international relations, by supplying a standard of value unaffected by ups and downs in individual countries, would facilitate the expansion of international trade and encourage further saving’;

- What to call this currency? ‘Euror’ — a name imbued with meaning;
- ‘It will be possible to extend the use of this unit (or of another one, to be defined) and it need not necessarily be done by revising the treaties’.

1961

July

The Action Committee for the United States of Europe, chaired by Jean Monnet, calls for the setting up of a European Union of the monetary reserves of the six countries, as the prelude to a common monetary policy and a European currency.

1962

24 October

Marjolin Report — Commission Memorandum defining monetary union as the third stage of unification. The report suggests that ‘there needs to be a single currency, to ensure the success of the Common Market’.

27 November

Problems with the financial integration of Europe. A talk is given in Brussels by Pierre Werner, Minister of State, President of the Government of Luxembourg, Minister for Finance, to the members of the *Association des amitiés belgo-luxembourgeoises* and the *Cercle royal gaulois*. In this lecture, Pierre Werner sets out his ideas on ‘the monetary integration of the Six’:

- restating his public proposal of 1960 for a European currency of account, ‘the start of a European monetary system’;
- stressing the need for ‘fixed exchange rates’ and monetary discipline and solidarity, in the specific institutional framework of a ‘Monetary Institute’;
- pointing out that ‘the method thus recommended would make it possible for monetary integration to follow the same course of development as the tasks of the Community ...’, as ‘economic policies will never be made absolutely uniform; at particular times, it may be necessary to take short-term action in one or other country’.

1964

8 May

Council Decision setting up the Committee of Governors of the Central Banks of the Member States of the Community.

Council Decision on cooperation between Member States in the field of international monetary relations.

1965

25 February

‘The foreign policy of the Grand Duchy of Luxembourg’ — Speech by Pierre Werner, Minister of State, President of the Government of Luxembourg, Minister for Foreign Affairs, Minister for the Treasury, Minister for Justice, before the Chamber of Deputies of the Grand Duchy of Luxembourg. In this speech, referring to relations between ‘the Six’, Pierre Werner calls for recognition of the need ‘to establish as soon as possible the foundations for tighter monetary

cooperation’ in order to safeguard the Common Market ‘from uncoordinated financial and monetary operations’.

1966

5 June

Address on European monetary policy — Lecture given in Brussels by Pierre Werner, Minister of State, President of the Government, Minister for the Treasury and the Civil Service, at the invitation of the American and Common Market Club.

1967

26 May

Speech by Pierre Werner, Minister of State, President of the Government, Minister for the Treasury and the Civil Service, at the 20th Benelux Economic Congress.

In this speech, Pierre Werner reaffirms:

- the idea of setting up a European currency of account which will lead to the strengthening of monetary solidarity among the Member States. Such a currency will, among other things, have the virtue of ‘resolving the problem of fixed exchange rates’;
- ‘the need for solidarity of action in a field which is still dominated by a very strong sense of national identity’;
- ‘the need to tighten up monetary discipline still further between countries so closely associated in the pursuit of their economic objectives as the Common Market countries’.

1968

26 January

Prospects for European financial and monetary policy — Address given in Saarbrücken by Pierre Werner, Minister of State, President of the Government, Minister for the Treasury and the Civil Service, to the CDU economic congress.

In this speech on the prospects for European financial and monetary policy in ‘an increasingly unpredictable international context’, Pierre Werner puts forward ‘a five-point action plan’ for European monetary integration based on the creation of a European unit of account, consultation, fixed exchange rates between European currencies, and solidarity — internal and external.

1 April

Benelux and the prospects for European financial policy — Address given in The Hague by Pierre Werner, Minister of State, President of the Government, Minister for the Treasury, before the Benelux Committee.

In this address, Pierre Werner returns to the ‘five-point action plan’ released at the beginning of the year, the success of which (guaranteeing stable financial relations between the Member States) would be guaranteed by ‘making commitments similar to those made in the Benelux framework’ (thereby proving their viability). ‘We cannot make alterations to exchange rates except by common agreement.’

May–June

Reform of the international monetary system — Article by Pierre Werner in *Academia — Nouvelle*

Revue Luxembourgeoise, 1968, No 1, Luxembourg, pp. 53–62.

9–10 September

At a meeting of the Ministers for Finance of the EC Member States in Rotterdam, Pierre Werner, Minister of State, President of the Government, Minister for the Treasury, once again sets out his ‘five-point action plan’, which he defends and discusses in detail in his official speech to his colleagues from the other Member States.

1969

12 February

First Barre Plan (Raymond Barre — member of the Commission with responsibility for economic affairs). The Commission of the European Communities submits to the Council of Ministers a memorandum on ‘appropriate policy in the Community on current economic and monetary problems’, recommending an alignment of economic policies and the establishment of the machinery for short-term monetary support (STMS).

5 March

Requirement for, and procedures for, action in the field of capital (in the context of a ‘common market’). Memorandum from the Commission of the European Communities to the Council.

8 November

European monetary prospects — Lecture by Pierre Werner, Minister of State, Minister for the Treasury of the Grand Duchy of Luxembourg, to the Belgian Royal Institute for International Relations.

1 and 2 December

The Hague Conference. The Heads of State agree ‘to take all necessary steps to achieve economic and monetary integration’. The summit of the ‘Six’ decides to set up a group of experts to investigate ways of making progress towards economic and monetary union by stages.

1970

2 January

Agreement between the central banks on short-term monetary support (STMS).

12 January

The Belgian Plan — Belgium puts forward its proposals on ways of making progress towards economic and monetary union by stages.

12 February

The Luxembourg Plan — The Grand Duchy of Luxembourg puts forward its proposals on ways of making progress towards economic and monetary union by stages.

The Luxembourg Plan incorporates in full — with a number of updates — the remarks made by Pierre Werner, Minister of State, President of the Government, Minister for the Treasury, in his public statement of January 1968.

23 February

The German plan — Germany puts forward its proposals on ways of making progress towards

economic and monetary union by stages.

28 February

Europe moves towards monetary union — New, updated version of the paper published as ‘Prospects for European financial and monetary policy’ in January 1968. Paper by Pierre Werner published in *Bulletin de Documentation*, Luxembourg, 26th year, No 1, 1970.

3 March

Pierre Werner is made chairman of the ‘group of experts responsible for investigating ways of making progress towards economic and monetary union by stages’, known subsequently as the ‘Werner Group’.

Étienne Davignon is instructed to investigate ways of taking more effective concerted action in the foreign policy field.

4 March

The second Barre Plan — Commission Memorandum to the Council — putting forward a plan for the establishment of an economic and monetary union in three stages, with a timetable for the period from 1970 to 1978.

20 March

The Werner Group commences its work in Luxembourg. Most of the meetings will, in fact, be held in the Grand Duchy.

The members of the Group are chosen for their Community functions but ‘fully reflect the positions of their respective governments’. The Group consists of the President of the Committee of Governors of the Central Banks (Baron Hubert Ansiaux from Belgium), the Chairman of the Conjunctural Policy Committee (G. Brouwers of the Netherlands), the Chairman of the Monetary Committee (B. Clappier of France), the Director-General of Economic and Financial Affairs of the EEC (U. Mosca of Italy), the Chairman of the Medium-Term Economic Policy Committee (J-B. Schöllhorn from Germany) and the Chairman of the Budgetary Policy Committee (G. Stammati from Italy).

29 May

Interim report from the Werner Group.

Between 20 March and 29 May the Werner Group meets five times.

9 June

The Council of Ministers approves the interim report and gives the go-ahead for further discussions.

1 August

Ansiaux report on the margins of exchange rate fluctuation between European currencies.

28–29 September

The Economic Affairs Committee of the European Parliament debates an interim draft report (rapporteur Mr Bousch) on the ‘Interim report from the Werner Group’ on the attainment by stages of economic and monetary union.

8 October

Report on the attainment by stages of economic and monetary union. Official submission of the Werner Report ('Werner Plan').

The Werner Plan gives priority to the coordination of economic policies, the need for common decision-making bodies, the centralising of monetary policy through the establishment of a Committee of Governors of the Central Banks, the reduction of exchange rate variations as a first stage and the establishment of a European fund to support exchange rates. At the end of three stages spread over ten years, the Plan speaks of setting up a common central bank and, possibly, the introduction of a single currency.

The Werner Plan proposes moving by seven stages over seven to ten years, the order in which the stages are taken being interchangeable depending on the particular economic and financial situation in the participating countries and actual developments in European and international conditions.

The Werner Plan is described as the 'second' (Luxembourg) 'compromise'.

The Werner Plan, based on convertibility, fixed parities, convergence and coordination, has similarities of substance with the 'five-point action plan' which Pierre Werner published in 1967 on the basis of his earlier monetary ideas (1960).

The final objective set out in the Werner Plan, having been put on ice following the world economic crisis of 1973, will come to fruition only 32 years later, with the introduction of euro coins and notes on 1 January 2002.

15 October

The Werner Group report on the 'plan by stages', drawn up with a view to the establishment of economic and monetary union (the Werner Plan) is officially delivered to the European Commission and the Council of Ministers.

The report carried by the Agence internationale d'information pour la presse on 15 October 1970 says that 'in circles close to the Commission, no judgment is being expressed as to the substance, since responsibility for the document lies with the Werner Group, which drew it up. It is felt, however, that a number of somewhat unenthusiastic, not to say negative, reactions that have been heard in this or that capital with regard to different aspects — a fear of over-hasty institutionalisation, doubts as to the effectiveness of coordinating economic policies or the advisability of reducing exchange rate fluctuations — are due to partial familiarity with the document. Only in the next few days, when the content of the document is known in detail, will it be possible to gauge its importance and only then will the political options stand out more clearly.'

17 October

The EEC's Medium-Term Economic Policy Committee, meeting in Brussels, with Walter Schöhlhorn in the chair, adopts the preliminary draft of the EEC's third medium-term economic policy programme, covering the period 1971–75. This programme is closely linked to the Werner Plan, it being now agreed that the 'plan by stages' must be based on comprehensive quantitative guidelines which are valid for the whole of the Community and relate to the main features of

economic development.

22–23 October

The Economic Affairs Committee of the European Parliament considers and adopts an interim draft report (rapporteur Mr Bousch) on the ‘Interim report from the Werner Group’ concerning the attainment by stages of economic and monetary union.

26 October

The Werner Plan is presented during the introduction to the proceedings of the Council of Foreign Affairs Ministers held in Luxembourg. Before the presentation, Pierre Werner, coordinator of the working group and also host of the Council meeting, makes an explanatory statement.

28 October

The Council discusses the ‘plan by stages’ or Werner Plan.

29 October

The Commission submits the report on the attainment by stages of economic and monetary union (the Werner Plan) to the Council.

30 October

Commission Communication and proposals on the stage-by-stage implementation of economic and monetary union (the Werner Plan).

11 November

Lecture-cum-debate on the Werner Plan at the European Parliament, for the heads of Christian-Democratic party groups, with Pierre Werner as guest.

18 November

Part-session of the European Parliament — Exchange of views between the European Parliament, the Council and the Commission on economic union and the prospects for a monetary union in the Community — stage-by-stage implementation of the economic and monetary union of the Community (debate on the Werner Plan).

23–24 November

The Economic Affairs Committee of the European Parliament considers and adopts a draft supplementary report (rapporteur Mr Bousch) on the Werner Report.

3 December

Part-session of the European Parliament — Debate on the attainment by stages of the economic and monetary union of the Community (the Werner Plan).

Adoption, by unanimous vote, of the draft resolution on the Werner Plan tabled by the Economic Affairs Committee.

14 December

The European Council approves the Werner Plan.

1971

22 March

Resolution of the Council and of the Representatives of the Governments of the Member States on the stage-by-stage implementation of economic and monetary union (the Werner Plan).

22 March

The Council adopts three decisions:

- Medium-term financial assistance (MTFA);
- Strengthening of the coordination of short-term economic policies;
- Strengthening of cooperation between the central banks.

15 August

Convertibility into gold and the fixed exchange rate system set up at Bretton Woods come to an end. Currencies are left to float.

1972

21 March

Resolution of the Council and of the Representatives of the Governments of the Member States laying down the outlines for a European exchange system, the future 'snake', with margins of fluctuation of $\pm 2.25\%$ (as against the US dollar).

10 April

Basel Agreement between the central banks of the Member States of the Common Market (Banque de France, Deutsche Bundesbank, Banca d'Italia, Nederlandsche Bank, Banque Nationale de Belgique) and the candidate countries (Bank of England, Central Bank of Ireland, Norges Bank and Danmarks Nationalbank) stipulating that the spread between the exchange rates for any two EEC currencies at a given time must not exceed 2.25 %, or half the authorised margin between any one of these currencies and the dollar (4.5 %, 'the tunnel').

This is the 'snake' in the 'tunnel'. This margin-shrinking mechanism entered into force on 24 April 1972.

23 June

The pound sterling leaves the 'snake'.

12 September

Council Decision on the 'multilateralisation of positions and regulations resulting from operations, consultation between central banks, very short-term financing (VSTF)'.

19–21 October

Paris Summit of the Heads of State of the (enlarged) Community concerning progress on a monetary Europe and providing for the creation of the European Monetary Cooperation Fund (EMCF).

EMCF was a name chosen and used by Pierre Werner.

1973

1 January

Denmark, the United Kingdom and Ireland join the EEC.

12 March

The joint floating of six European currencies (Germany, France, Denmark and the Benelux countries) is confirmed. This is the 'snake' in the 'tunnel', no longer supported by the US dollar.

14 March

Norway and Sweden join the 'snake'.

3 April

Regulation of the Council of the Communities setting up a European Monetary Cooperation Fund (EMCF), which begins operating on 1 June.

1974

19 January

The French franc leaves the 'snake'. It will join it again from 10 July 1975 to 15 March 1976.

1975

17 February

Council Regulation setting up Community loans.

21 April

Council Decision on the European unit of account (EUA) creating a basket of currencies on the basis of 'quantities' (applied to the EMCF by the Council Regulation of 18 December 1978).

1976

March

Belgium and the Netherlands give up their special 1.5 % margin of fluctuation (dating back to 1971).

1977

17–18 June

Rome: 'Exploring the conditions for relaunching economic and monetary union in the European Economic Community' — Report by Pierre Werner, Honorary President of the Luxembourg Government, to the symposium on 'Economic union and the problem of the European currency' organised by the Union of European Federalists.

27 October

'Europe's Present Challenge and Future Opportunity — Jean Monnet Lecture'. Speech by Roy Jenkins, President of the European Commission, delivered at the European Studies Institute in Florence and regarded as 'relaunching a monetary Europe'.

17 November

Commission Communication to the Council on the prospect of economic and monetary union.

1978

7–8 April

Copenhagen European Council: the Nine reach agreement in principle on establishing a monetary

stability zone in Europe.

6–7 July

Bremen European Council: agreement on the main lines of a European monetary system (Valéry Giscard d'Estaing and Helmut Schmidt propose setting up the monetary system to replace the 'snake').

5 December

Resolution of the European Council (known as the 'Brussels Resolution') setting up the European Monetary System (EMS) and creating the European Currency Unit (the official ECU). 1 official ECU = 1 EUA.

The Nine create the European Monetary System (EMS), which is to enter into force on 13 March 1979.

1979

12 March

Paris European Council: EMS scheduled to enter into force on 13 March 1979.

13 March

Agreement between the central banks of the European Community on the operating procedures of the EMS ($\pm 2.25\%$ for all currencies, except the Italian lira at $\pm 6\%$).

The object of launching the European Monetary System (EMS) is to stop the European Community Member States having to resort to using the exchange rate weapon against their European competitors. As soon as a currency approaches the limit set by the 2.25 % margin, the government concerned has to intervene on the money market to bring the exchange rate for its currency back within the fixed margins.

The EMS also gives birth to the ECU (the European Currency Unit), a unit of account which serves as a reference point for the national currencies.

15 March

Luxembourg adopts a law which, for the first time, coherently defines the Grand Duchy of Luxembourg's own particular monetary status. The law is a response to the demands for national legislation on the country's monetary status to be revised; this had become necessary following the international currency upheavals caused by the collapse of the Bretton Woods system.

31 March

Luxembourg adopts a grand-ducal regulation laying down, in Article 1, that 'the exchange rate between the Luxembourg franc and the Belgian franc shall be one to one'.

24 September

The Deutschmark is revalued by 2 % and the Danish krone is devalued by 2.85 %.

30 November

The Danish krone is devalued by 4.76 %.

1980

9 December

The Strasbourg European Council decides that the move to the institutional phase of the EMS will be carried out 'in due course'.

1981

1 January

Greece becomes a member of the European Community.

January

Creation of the private ecu on the money markets (1 ecu = 1 ECU).

SOFTE and the EIB launch the first bonds in ecus.

22 March

The Italian lira is devalued by 6 %.

4 October

The Deutschmark and the Dutch guilder are revalued by 5.5 %. The French franc and the Italian lira are devalued by 3 %.

1982

21 February

The Belgian franc and the Luxembourg franc are devalued by 8.5 %. The Danish krone is devalued by 3 %.

22 February

Luxembourg: The Belgian Government's decision to devalue the Belgian franc unilaterally seriously shakes Luxembourg's leaders. Pierre Werner, Luxembourg Prime Minister, sees the decision as 'an infringement of the principle of codecision enshrined in the Belgo-Luxembourgish monetary protocols'.

12 June

The Deutschmark and the Dutch guilder are revalued by 4.25 %. The French franc is devalued by 5.75 %. The Italian lira is devalued by 2.75 %.

1983

21 March

Parities within the EMS are adjusted: Deutschmark revalued by 5.5 %, Dutch guilder revalued by 3.5 %, Danish krone revalued by 2.5 %, Belgian franc and Luxembourg franc revalued by 1.5 %, French franc and Italian lira devalued by 2.5 %, Irish pound devalued by 3.5 %. France decides not to leave the system.

20 May

Luxembourg: creation of the Luxembourg Monetary Institute (LMI) — the embryo of the future Luxembourg central bank — responsible, among other things, for issuing banknotes and coins and supervising the financial sector.

With the Luxembourg Monetary Institute (LMI), the Grand Duchy was able to assert its monetary identity, but, most of all, to be on an equal footing with the other States in the European Monetary System (EMS). Although it was not yet an independent central bank in the strict sense, the LMI had all the powers it needed to discharge all the functions of a central bank in the event that Luxembourg's leaders decided to end the monetary union with Belgium.

1 June

Luxembourg: the LMI starts operating.

1984

15 September

Five-yearly review of the weights of currencies in the ecu.

17 September

The Greek drachma joins the ecu.

1985

1 January

Jacques Delors is appointed President of the European Commission in succession to Gaston Thorn of Luxembourg.

1 February

Greenland leaves the European Community but retains associated status with it as an 'overseas territory'.

12 March

Palermo: amendments to the agreement of 13 March 1979, strengthening the status of the ecu (mobilisation, acceptance, remuneration, multiple holding).

10 June

Greece signs up to the agreement on the EMS.

28–29 June

Milan European Council. The Heads of State or Government decide by qualified majority to convene an intergovernmental conference to reform the Rome Treaties (the 'Genscher-Colombo plan').

20 July

The ministers and the governors of the central banks of the Member States decide to modify the central rates within the EMS.

22 July

The Deutschmark, the French franc, the Dutch guilder, the Danish krone, the Belgian franc, the Luxembourg franc and the Irish pound are revalued by 2 %; the Italian lira is devalued by 6 %.

1986

1 January

Spain and Portugal join the European Community.

17 and 28 February

Conference of the Representatives of the Governments of the Member States — Decision to draw up a Single European Act. The Single European Act, signed in Luxembourg on 17 February and The Hague on 28 February, inserts into the Treaty of Rome a reference to the EMS experience, organising the ‘monetary capacity’ of Europe (Article 102A) and providing for the free movement of capital.

6 April

The Deutschmark is revalued by 3 % and the Belgian franc, the Luxembourg franc and the Danish krone by 1 %, and the French franc is devalued by 3 %.

2 August

The Irish pound is devalued by 8 %.

17 November

Capital movements: the Council adopts a directive, amending that of 11 May 1960, imposing additional obligations on the Community in respect of capital movements.

1987

12 January

The Deutschmark and Dutch guilder are revalued by 3 % and the Belgian franc and Luxembourg franc by 2 %.

12 May

Spain joins the EMS.

1 July

The Single European Act enters into force.

12 September

The so-called ‘Basel-Nyborg’ agreement: approval by the informal Ecofin Council of the measures decided on at Basel by the governors and amending the agreement of 13 March 1979 (setting up of a supervision procedure and broadening of the very short-term financing mechanism to the advantage of intramarginal interventions).

1988

8 January

France (Edouard Balladur) submits a memorandum on ‘European monetary integration’ to the Ecofin Council.

20 January

Germany (the German Foreign Minister) argues before the European Parliament for the ‘creation of a monetary union and of a European central bank’.

23 February

Italy (the Minister for the Treasury) backs ‘the idea of a single currency’.

24 June

Council Directive for the implementation of Article 67 of the Treaty of Rome for the deregulation of capital movements on 1 July 1990.

24 June

— Consolidation of medium-term financial assistance (MTFA) and Community loans in a single arrangement denominated ‘medium-term financial support’ (MTFS).

— Complete liberalisation of capital movements: Council Directive for the implementation of Article 67 of the Treaty of Rome for the deregulation of capital movements on 1 July 1990.

28 June

The Hanover European Council, following a proposal from Germany, mandates a committee of independent experts chaired by Jacques Delors with ‘the task of studying and proposing concrete stages leading towards [economic and monetary] union’ (the Delors Committee).

1989

12 April

EMU: the Delors Committee submits its report on Economic and Monetary Union.

Taking its lead largely from the Werner Plan, the Delors Report proposes attaining Economic and Monetary Union (EMU) in three stages, though without setting a calendar. The first stage will be devoted to strengthening economic and monetary cooperation and getting the currencies of all the Member States to take part in the EMS. The second stage will involve harmonising monetary policies and setting up a European central bank. The third stage fixes the exchange rates between the currencies irrevocably and brings in a single currency, the ecu, to take the place of the national currencies.

19–21 May

Informal Ecofin Council of S’Agaro: discussion and approval of the report from the committee for the study of Economic and Monetary Union (the Delors Committee).

19 June

The peseta joins the EMS exchange rate mechanism (margin: 6 %).

26–27 June

Madrid European Council:

The Council approves the Delors Committee’s report and decides to set the first stage in motion as from 1 July 1990. The final communiqué from the meeting refers to the need to keep a balance between the social aspects and the economic aspects of the building of the Single Market.

17 July:

Enlargement: the Republic of Austria applies to join the European Communities.

21 September

The peseta and the escudo are included in the ecu.

9 December

Strasbourg European Council:

- Convening of the intergovernmental conference on EMU for the end of 1990.
- The Heads of State or Government of the Member States adopt the Community Charter of the Fundamental Social Rights of Workers.

1990

5 January

The Italian lira is devalued by 4 % and the margin of fluctuation of the lira within the SME is reduced from 6 % to 2.25 %.

12 March

It is decided to assign extra functions to the Committee of Governors of the Central Banks.

25–26 June

The Dublin European Council decides to hold two IGCs in December, one on EMU and the other on political union.

29 June

European Economic Area: the Council lays down guidelines for the negotiation of an agreement with the EFTA countries with a view to the establishment of a European Economic Area (EEA).

1 July

The first stage of EMU begins. The Capital Movements Directive enters into force. Monetary unification between the FRG and the GDR takes effect.

4 July

Enlargement: the Republic of Cyprus applies to join the European Communities.

16 July

Enlargement: the Republic of Malta applies to join the European Communities.

21 August

The European Commission publishes its draft treaty on EMU.

17 September

German reunification: the Council adopts the provisional measures provided for in the framework of German reunification.

3 October

Reunification of Germany.

6 October

The pound sterling joins the EMS exchange rate mechanism (margin: 6 %).

22 October

Norway pegs its currency to the ecu with a margin of fluctuation of ± 2.25 %.

28 October

Rome European Council: 11 Member States announce that the second stage of EMU should start on 1 January 1994 and that a decision on moving on to the third stage should be taken before 1997.

The United Kingdom rejects the very principle of a single currency.

15 December

Opening of the intergovernmental conference on EMU.

1991

13 March

German reunification: the Commission adopts the Community support frameworks for structural investment in the five new German Länder and East Berlin.

9 April

Statement of principles regarding agreement prior to interventions in Community currencies.

17 May

Sweden pegs its currency to the ecu with a margin of fluctuation of $\pm 1.5\%$.

7 June

Finland pegs its currency to the ecu with a margin of fluctuation of $\pm 3\%$.

1 July

Enlargement: Sweden applies to join the European Communities.

9–10 December

The treaty providing for the introduction of Economic and Monetary Union is adopted by the Heads of State or Government at the European Council meeting in Maastricht. The 'Maastricht Treaty' makes the move towards a single currency irreversible.

The United Kingdom and Denmark secure the right not to take part in the single currency.

1992

7 February

Signing of the Treaty on European Union in Maastricht.

11 February

Delors II Package: the Commission adopts proposals relating to the second package of structural and financial measures (Delors II Package).

18 March

Enlargement: Finland applies to join the European Communities.

6 April

The escudo joins the EMS exchange rate mechanism with a margin of fluctuation of 6% (decision of 4 April).

2 May

EEA: Signing of the Agreement establishing the EEA.

20 May

Enlargement: Switzerland applies to join the European Communities.

2 June

First Danish referendum on ratification of the Treaty on European Union, rejected by 50.7 %.

19 June

The Cyprus pound is pegged to the ecu with margins of fluctuation of ± 2.25 %.

2 July

European Union Treaty: the Luxembourg Parliament ratifies the Treaty on European Union.

8 September

The Bank of Finland removes the limits on fluctuation of the markka and allows its currency to float.

14 September

The Italian lira is devalued by 7 %.

17 September

The peseta is devalued by 5 %, the pound sterling and Italian lira leave the EMS exchange rate system.

20 September

Referendum in France on ratification of the Maastricht Treaty: approved by 51.05 %.

19 November

Sweden unpegs the krona from the ecu and allows its currency to float.

23 November

The peseta and escudo are devalued by 6 %.

25 November

Enlargement: Norway officially applies to join the European Communities.

6 December

EEA/Switzerland: By referendum, the Swiss decide against ratification of the agreement relating to the EEA.

10 December

Norway unpegs the krone from the ecu.

11–12 December

The Edinburgh European Council:

- approves ‘Delors II Package’;
- sets 1 January 1993 as the date for the opening of accession negotiations with Austria, Sweden and Finland;
- allows Denmark derogations which enable it to put the Treaty on European Union to referendum again.

1993

1 January

Single market: entry into force of all the legislation required for the completion of the single market.

31 January

The Irish pound is devalued by 10 %.

1 February

Opening of accession negotiations with Austria, Sweden and Finland.

5 April

In Luxembourg, opening of accession negotiations with Norway.

13 May

The peseta is devalued by 8 % and the escudo by 6.5 %.

18 May

Second Danish referendum on ratifying the Treaty on European Union including the special status for Denmark (56.8 % vote in favour).

21–22 June

Copenhagen European Council:

- Fixing of the criteria for accession to the EU (the ‘Copenhagen criteria’);
- The Commission is instructed to draw up a white paper on a long-term strategy to promote competitiveness and employment;
- The EIB is asked to increase by 3 billion ecu the temporary loan mechanism decided upon by the Edinburgh Council;
- The Council confirms that Austria, Finland, Norway and Sweden will join the Community as from 1 January 1995;
- Countries of Central and Eastern Europe that wish to join the Community will have to meet the accession criteria.

2 August

The margins of fluctuation are widened to 15 % either way. The ministers and governors reaffirm the validity of the current central parities.

29 October

Brussels Council:

- Adoption of a declaration on the entry into force of the Treaty on European Union;
- The Council again states that the second stage of EMU will enter into force as from 1 January

1994.

It is decided that the seat of the European Monetary Institute (EMI), and therefore of the future European Central Bank, will be Frankfurt.

1 November

The Treaty on European Union, signed in Maastricht on 7 February 1992, enters into force and the composition of the ecu is frozen.

EMU: The Council adopts the first set of decisions and regulations on the secondary legislation required for the second stage of EMU.

5 December

White Paper: the Commission adopts the White Paper on 'Growth, Competitiveness, Employment: The Challenges and Ways Forward into the 21st Century'.

1994

1 January

Entry into force of the second stage of EMU. Establishment of the European Monetary Institute (EMI) in Frankfurt: its task is to set up the future European Central Bank.

The European Monetary Institute (EMI) takes over from the EMCF.

30 March

Conclusion of accession negotiations with Austria, Finland, Norway and Sweden.

1 April

Hungary applies to join the European Communities.

7 April

The European Commission sets up a think tank on the implementation of the single currency, consisting of private-sector experts and consumers' representatives (the 'Maas Group').

8 April

Poland applies to join the European Communities.

12 June

Enlargement — Austria: 66.6 % of Austrians vote in favour in a referendum on accession to the EU.

15 July

Jacques Santer is appointed President of the Commission at an extraordinary meeting of the Council in Brussels.

18 July

Free-trade agreements are signed with Estonia, Latvia and Lithuania.

13 November

Enlargement — Sweden: 52.2 % of Swedes vote in favour in a referendum on accession to the EU.

29 November

Enlargement — Norway: 52.4 % of Norwegians vote 'No' in a referendum on accession to the EU.

9–10 December

The Essen European Council approves the strategy of rapprochement with the countries of post-Communist Central Europe.

1995

1 January

Austria, Finland and Sweden join the European Union and the European Monetary System. The act of accession of the three countries was signed in Corfu on 24 June 1994. Norway, which also signed, did not in the end ratify the agreement.

9 January

The Austrian schilling joins the exchange rate mechanism (ERM).

23 January

Following a vote of approval by the European Parliament on 18 January, the representatives of the governments of the Member States appoint the President of the Commission, Jacques Santer, and the new Members of the Commission for the period from 1995 to 2000.

6 March

The peseta is devalued by 7 % and the escudo by 3.5 %.

10 May

Maas Report on preparations for the introduction of the single currency.

18 May

The Commission submits to the German Government its draft Green Paper on the scenario for the move to a single currency.

31 May

The Commission adopts the Green Paper on the single currency, containing the Commission's proposals on the scenario for the move to the single currency and the legal framework for it, and on the communication policy to be pursued.

29–30 September

Informal Ecofin Council in Valencia. The Finance Ministers of the Fifteen:

- reiterate their agreement on the calendar and the criteria for the introduction of the euro;
- agree to the principle of the stability pact and the Commission's scenario for the changeover;
- decide to drop the name 'ECU' for the single currency.

1 November

The European Monetary Institute releases its report on the 'changeover to the single currency'.

15–16 December

The Madrid European Council adopts 'euro' as the name for the single currency. The Council fixes

the scenario for the practical steps and sets 1 January 1999 as the date for the changeover to Monetary Union.

As far back as 1960, Pierre Werner was proposing ‘Euror’ as the name for a common European unit of account.

1996

13 April

Informal Ecofin Council in Verona: a clear majority of countries wants an agreement on exchange rates between the countries in and out of the system. The principle of a ‘stability pact’ is accepted. The name ‘cent’ is given to the hundredth part of a euro.

21–22 June

Florence European Council: the broad outlines of the new exchange rate mechanism will be set by a European Council resolution; the operational procedures will be defined once the ECB has been set up in 1998.

21–22 September

Informal Ecofin Council in Dublin: agreement on the procedure for adoption of the legal framework for the introduction of the euro.

13 October

The Finnish markka joins the ERM.

24 November

The Italian lira rejoins the ERM.

13–14 December

Dublin European Council.

- Adoption of the legal status of the euro, the agreements on ERM II (a new European exchange rate mechanism) and the ‘Stability and Growth Pact’. The euro will replace the ECU 1 to 1.
- Adoption of the agreement on the appointment of Wim Duisenberg (Netherlands) to head the EMI (though without prejudice to his appointment to head the ECB).
- Presentation by the EMI of the full range of banknotes in euros (Robert Kalina of Austria is the prizewinner in the competition to design the euro notes).

1997

7 January

The EMI publishes the report on the regulatory, organisational and logistical framework for the single monetary policy in stage III.

6 April

Informal Ecofin Council in Noordwijk. Agreement on the technical procedures for the ‘Stability and Growth Pact’ and on ERM II. The calendar for the selection of the countries to adopt the euro on 1 January 1999 is clarified.

8–9 June

Ecofin Council in Luxembourg. France expresses reservations regarding the signing of the stability pact in its present state and asks for strengthening of the ‘economic focus’.

16–17 June

Amsterdam European Council. Final adoption of the resolution on ERM II, the regulatory process for the ‘Stability and Growth Pact’ (France finally comes round to the Commission’s proposals), and the regulation containing the most urgent provisions regarding the legal status of the euro. The design for the shared side of the euro coins is approved.

A resolution on ‘growth and employment’ is adopted.

12–13 September

Informal Ecofin Council in Mondorf. The irrevocable bilateral exchange rates of the currencies in the system will be announced in spring 1998. A start is also made on drawing up a code of good conduct in fiscal matters and on the coordination of economic policies.

2 October

Signing of the Amsterdam Treaty.

27 October

The British Chancellor of the Exchequer, Gordon Brown, officially announces that the United Kingdom will not take part in Monetary Union on 1 January 1999 and will therefore invoke the opt-out clause in the Maastricht Treaty. He also says that ‘it is essential that the Government and business prepare intensively during this Parliament, so that Britain will be in a position to join a single currency, should we wish to, early in the next Parliament.’

13–14 December

Luxembourg European Council. Euro notes and coins will be introduced on 1 January 2002.

Council adopts a resolution on the coordination of economic policies (establishment of informal meetings of Finance Ministers of the countries in the system) and on Articles 109 (exchange rate policy) and 109B (dialogue between Council and ECB).

1998

February

Eleven of the fifteen EU countries declare that they are willing and able to adopt the single currency. Greece does not meet the criteria, the United Kingdom and Denmark do not wish to join the single currency process and Sweden defers its decision on the question.

16 March

The Greek drachma joins the European exchange rate mechanism and the Irish pound is revalued by 3 %.

25 March

Publication of reports on convergence by the EMI and the Commission. The countries concerned are the Fifteen minus the United Kingdom, Denmark, Sweden and Greece.

1–3 May

Brussels Council (known as the ‘Jumbo Council’).

1 May: Ecofin recommendation regarding the list of countries joining Monetary Union on 1 January 1999.

2 May: Opinion of the European Parliament.

2 May: European Council Decision on the list of countries: beginning of the ‘intermediate period’.

3 May: advance notice of the bilateral parities of the currencies in the system; Council recommendation on the appointment of the members of the ECB board.

26 May

Appointment of the members of the ECB board by the European Council.

1 June

Inauguration of the ECB and the European System of Central Banks (ESCB). The EMI thereby ceases to exist.

1 June: Creation of the Central Bank of Luxembourg (at the same time as the ECB).

15–16 June

Cardiff European Council. First review of the national action plans for employment.

26 September

Informal Ecofin Council in Vienna. Advance notice of participation by Greece and Denmark in ERM II and of the margins of fluctuation for their currencies (15 % and 2.25 % respectively); report to the Council on the external representation of the Monetary Union.

1 December

Joint communiqué of the Council and the Commission fixing the procedure for adoption of the conversion rates for the euro.

22 December

The ECB Council announces the interest rate for the first refinancing operation in euros, on 4 January (3 %).

31 December

The Council adopts the irrevocable conversion rates of the currencies in the system in euros, as proposed by the Commission after consulting the ECB and the European Parliament. The central rates in euros for the Greek drachma and the Danish krone are adopted.

31 December 1998–3 January 1999

Weekend changeover to the euro in the financial sector (money markets, payment systems).

1999

1 January

The third stage of EMU enters into force with the establishment of Monetary Union and the creation of the euro (the currency of the countries participating in the Monetary Union, with the

national currency units becoming subdivisions of the euro). The single monetary policy is defined and put into effect by the ESCB, and new government securities are issued in euros.

3–4 June

Cologne European Council: ‘macroeconomic dialogue’ is set up, involving, among others, the representatives of the Council of the EU, the European Commission, the ECB and the social partners, and encouraging economic policy coordination with a view to ensuring sustainable, non-inflationary growth.

Every two years from 1 January 1999 (or on the initiative of a country which is not yet a member of the Monetary Union), the competent EU authorities are to consider the position of countries which are not yet members of the Monetary Union in the light of the convergence criteria (apart from the United Kingdom and Denmark, which are not taking part in stage 3 of EMU).

2000

17 January

Greek drachma revalued by 3.5 % under ERM II.

23–24 March

Extraordinary European Council in Lisbon. Overall strategy for the transition to a knowledge-based society and economy. Implementation (by 2005) of the action plan for financial services. Adoption of the objective of bringing the employment rate to 70 % by 2010.

May

Publication of the convergence reports for 2000 by the ECB and the European Commission.

8 May

Statement by the Eurogroup on the level of the euro, which does not reflect the economic fundamentals in the euro zone.

19–20 June

Feira European Council. Approval of the report on the ‘tax package’ (comprehensive report requested for the end of 2002).

22 September

G7 Decision. ‘At the initiative of the European Central Bank, the monetary authorities of the United States, Japan, United Kingdom and Canada joined with the European Central Bank on Friday, September 22, in concerted intervention in exchange markets, because of the shared concern of Finance Ministers and Governors about the potential implications of recent movements in the euro for the world economy.’

28 September

Referendum in Denmark on accession to Monetary Union: rejected by 53.1 % of the population.

2001

1 January

Greece joins the Monetary Union.

26 February

Signing of the Nice Treaty on the reform of the institutions with a view to enlargement (size and membership of the Commission, weighting of voting rights in the EU Council, extension of qualified majority voting, relaxation of the procedures for recourse to enhanced cooperation, the 'enabling clause' for revising the voting rules in the Governing Council of the ECB).

8 June

Ireland refuses to ratify the Nice Treaty (53.87 % vote against in a referendum).

1 September

Beginning of the phase involving frontloading of credit establishments in the euro zone with euro notes and coins (actual date depends on the country).

5 December

Laeken Declaration on the future of the EU — The Convention on the Future of Europe is launched, with Valéry Giscard d'Estaing chosen to chair its work, which is to culminate in a draft Constitution for Europe.

2002

1 January

Euro notes and coins are introduced in the Monetary Union countries. All book payments have to be denominated in euros.

1 January

Luxembourg — Pursuant to the grand-ducal order, the Netherlands Mint strikes — for use in Luxembourg — 120 million euro coins, worth a total of more than 40 million euros, with the Luxembourg national side.

The Luxembourg coins bear the effigy of Grand Duke Henri (born on 16 April 1955 and sworn in on 7 October 2000), using a design by the artist Yvette Gastauer-Claire in a classical style (on the 1-, 2- and 5-cent coins), a traditional line-drawn style (on the 10-, 20- and 50-cent coins) and a modern abstract style (on the 1- and 2-euro coins).

28 February

The withdrawal from circulation of notes and coins in national currency units in the countries belonging to the Monetary Union ends. The Convention on the Future of Europe holds its inaugural session.

May

The convergence reports by the ECB and the Commission are published (on 1 May and 22 May respectively).

24 September

The Commission postpones from 2004 to 2006 the established date for all the Member States to present 'budgets close to balance'.

October

Four countries in the EMU are in difficulties: Germany, France, Italy and Portugal.

Only France refuses to agree, without reservations or any special conditions, to cut its structural deficit by at least 0.5 % per year from 2003.

19 October

Ireland ratifies the Nice Treaty by referendum (making it the last country to ratify the Treaty).

24–25 October

Brussels European Council: the ten applicant countries chosen to join the EU in 2004 are Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

19 November

As the commitments under the Stability and Growth Pact have been infringed, the European Commission refers the matter to the Ecofin Council and launches:

- the ‘early warning’ disciplinary procedure against France;
- the ‘excessive deficit procedure’ against Germany.

27 November

Proposals from the European Commission to make for a better understanding of Stability and Growth Pact (for example, isolating the impact of the short-term economic situation on the budgetary position), and more effective implementation (particularly through a restatement of the political commitment to implement the pact).

13 December

Copenhagen European Council: Accession negotiations with the ten applicant countries are concluded.

2003

21 January

Pursuant to Article 104 of the Treaty on European Union, the Ecofin Council decides to initiate an ‘excessive deficit procedure’ against Germany (on the grounds that it exceeded the authorised ceiling by 3 % as compared to 2002).

The Council launches the ‘early warning’ procedure against France.

1 February

The Nice Treaty enters into force.

3 February

ECB recommendation on the reform of the voting procedure in the Governing Council (‘enabling clause’: decision of the Governing Council of 19 December).

21 February

Croatia applies to join the EU.

21 March

Brussels European Council. The reform of the voting procedures on the Board of Governors is adopted (with subsequent ratification by the Member States according to their constitutional requirements).

16 April

Signing in Athens of the treaty of accession to the EU of ten new Member States.

19–20 June

Thessaloniki European Council. The draft Constitution drawn up by the Convention on the Future of Europe (Parts I and II) is presented; the Council reaffirms its support for the ‘European perspective of the Western Balkan countries [Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia (FRY), the former Yugoslav Republic of Macedonia (FYROM) and Albania], which will become an integral part of the EU, once they meet the established criteria’ (EU-Balkans Summit of 21 June 2006).

10 July

The European Convention concludes its work.

15–16 July

Brussels European Council: more detailed discussion of a ‘relaxation of the Stability and Growth Pact’.

Positions:

- Germany sides with the French position on an easing of the criteria (on the grounds that the pact is also ‘committed to growth’).
- Spain, Finland and the Netherlands — advocating ‘budgetary orthodoxy’ — ask the Commission to adopt sanctions against countries which, for the third year in succession, exceed the 3 % deficit ceiling.
- The Eurogroup, consisting of the Finance Ministers of the euro zone, considers that the pact is sufficiently flexible as it stands.

18 July

The European Convention forwards the ‘draft Treaty establishing a Constitution for Europe’ to the President of the European Council.

4 October

Opening of the Intergovernmental Conference (IGC) on the draft Constitution for Europe.

25 November

Interinstitutional tension. The Ecofin Council rejects the European Commission’s binding recommendations designed to bring the government deficit in Germany and France down to below 3 % in 2005, notwithstanding the expressed view of Austria, Spain, Finland and the Netherlands.

Reactions:

- France undertakes to reduce its structural deficit by 0.77 % in 2004 and 0.6 % in 2005, as against 0.6 % and 0.5 % respectively in Germany.
- The Commission decides to take an action before the Court of Justice against the Council Decision, taking the view that ‘the Council’s competence is circumscribed by the Commission recommendation’.
- The Council, meanwhile, had not only ignored the Commission’s recommendation but ‘had suspended the whole of the procedure against France and Germany’.

2004

1 May

Ten new Member States officially join the EU; the General Council of the ECB is enlarged (25 governors of the national central banks (NCBs)) — The new voting procedures enter into force in the Governing Council of the ECB (with a change from 16 governors upwards and again from 22 governors upwards).

17–18 June

Brussels European Council. Agreement is reached on the draft Constitutional Treaty drawn up by the IGC; Croatia's application to join the EU is officially acknowledged.

28 June

The Estonian kroon, the Lithuanian litas and the Slovene tolar join ECM II.

13 July

Jurisprudence:

The Court of Justice of the European Communities delivers judgment on the Commission's action:

- The decision taken by the Ecofin Council in November 2003 in favour of France and Germany is annulled;
- The action as regards the application by the Commission for annulment of the failure by the Council to adopt the decisions to serve formal notice on Germany and France is declared inadmissible;
- The conclusions adopted by the Council, in which it suspends the excessive deficit procedures, are annulled, and the recommendations previously addressed by it to each of the Member States concerned to rectify the excessive deficit are modified.

10 September

The Eurogroup meets in Scheveningen (in the Netherlands). The Prime Minister of Luxembourg, Jean-Claude Juncker, is appointed to the post of President of the Eurogroup for two years.

20 September

The convergence reports by the ECB and the Commission (concerning, in particular, the new Member States) are published.

29 September

The Constitutional Treaty is signed in Rome.

30 December

The Latvian lat moves from SDR-pegging to euro-pegging (fixed exchange rate arrangement).

2005

1 January

Jean-Claude Juncker, Prime Minister of Luxembourg, takes office as President of the Eurogroup for two years.

17 March

Accession negotiations with Croatia begin.

22–23 March

European Council: agreement is reached on the reform (or relaxation) of the Stability and Growth Pact. The Heads of State or Government of the European Union confirm that ‘the Stability and Growth Pact, built on [EU] Treaty Articles 99 and 104, is an essential part of the macroeconomic framework of the Economic and Monetary Union’.

Modifications to the pact lay down that, in certain situations, countries whose deficit temporarily exceeds the ceiling of 3 % of GDP, while remaining close to that reference value, shall be allowed extenuating circumstances.

A country’s deficit must not be declared ‘excessive’ if it puts a major effort into research, development and structural reforms. Among the factors which countries can now invoke, there is a reference to contributions to fostering ‘international solidarity and to achieving European policy goals’.

25 April

In Luxembourg, the accession treaties with Romania and Bulgaria are signed.

29 May

The French reject the European Constitution by 54.7 % against in a referendum.

1 June

The Netherlands rejects the European Constitution by 61.6 % against in a referendum.

6 June

The United Kingdom announces that the procedure for ratifying the European Constitution has been suspended.

16–17 June

Brussels European Council:

— The financial perspectives for 2007–2013 are approved.

— Following the rejection of the European Constitution by France and the Netherlands, a period of reflection begins.

10 July

Luxembourg approves the European Constitution by referendum, with 56 % in favour.

3 October

Negotiations with Turkey begin.

27 October

The Hampton Court European Council reaches agreement on the reforms to be adopted in response to globalisation.

15–16 December

Brussels European Council:

— Agreement on the European budget for 2007–2013;

— Agreement on a review of the CAP.

2006

16 May

Convergence report by the ECB and the Commission.

15–16 June

The Brussels European Council extends the period of reflection on the future of the Constitutional Treaty.

26 September

It is confirmed that Romania and Bulgaria will join the EU on 1 January 2007.

29 November

Negotiations on the accession of Turkey to the EU are suspended.

2007

1 January

— The financial perspectives for 2007–2013 enter into force;

— Bulgaria and Romania join the EU;

— Slovenia joins the Monetary Union (becoming the 13th member of the euro zone).

2008

1 January

Cyprus and Malta join the Monetary Union.

28 September

The ECB makes 120 billion euros available to establishments under a special 38-day term refinancing operation. The object is to make loans on which the ECB takes interest.

The ECB's aim is to improve access for banks to liquidity on the money market, which is running dry. Since the collapse of the US banking system, banks are mistrustful and are lending practically no money on the market.

11 October

In Brussels, the Eurogroup holds a summit at Head of State or Government level. The members of the euro zone agree on various measures deriving mainly from those implemented by the UK Government:

- Recapitalisation of all banks in difficulty;
- Government guarantees for interbank lending to get credit moving between banks again and prevent the markets running dry. The loans will be interest-bearing and the rate will vary according to the degree of risk taken by establishments. Support will be temporary and subject to a ceiling. It will cover loans issued before 31 December 2009;
- The ECB will continue to supply liquidity as it has been doing for a month;
- Member States will be able to part-nationalise banks if necessary;
- Accounting standards: the European Commission should present a paper on this at the forthcoming European Council (15 and 16 October 2008).

2009

1 January

Slovakia joins the Monetary Union as the 16th Member State.

As from the date when a 16th country joins the euro zone, rotating voting rights in the Governing Council become operative.

4–7 June

Victory for the Right in European elections following very low voter turnout.

15 September

Commission President José Manuel Barroso is re-elected for a five-year term by an absolute majority of the European Parliament.

2 October

Ireland is summoned to vote on the Lisbon Treaty once again and carries it by 67 %.

19 November

Belgian Prime Minister Herman Van Rompuy becomes the first President of the European Council and Catherine Ashton from the UK becomes the EU's first High Representative for Foreign Affairs.

1 December

The Lisbon Treaty enters into force.

1 December

The entry into force of the Lisbon Treaty gives the Eurogroup official status. Jean-Claude Juncker is elected President of the Eurogroup for a two-and-a-half-year term (his first official term, after holding the office since the beginning of 2005).

9–10 December

Financial crisis in Greece.

The financial deadlock 'is a threat to the national sovereignty of Greece', for the first time since the restoration of democracy in 1974, says Greek Prime Minister George Papandreou. The President of the European Central Bank, Jean-Claude Trichet, calls on the Greek Government to take 'bold' steps to reduce its budget deficit and debt.

2010

3 February

Frankfurt: The Governing Council of the ECB 'approves' Greece's plan to put its public finances in order, including provision for bringing Greece's public-sector deficit back within the limits set by the Stability and Growth Pact by 2012.

11 February

Brussels: The EU announces an aid plan for Greece, without giving satisfactory details.

25–26 March

Brussels: the Heads of State or Government of the euro zone, meeting in the European Council,

agree to ask for a working party to explore all options for ‘strengthening the legal framework’ for budgetary surveillance of European countries, in order to be in a position to take sanctions more easily against countries where controls are slack. The task force responsible for improving the Stability and Growth Pact comes into being.

7 June

Luxembourg: The Eurogroup agrees to set up the European Financial Stability Facility (EFSF) in the form of a limited liability company under Luxembourg law established in Luxembourg. The Grand Duchy of Luxembourg is the company’s first shareholder, and the shares will shortly be transferred to the other euro zone Member States. The EFSF provides 440 billion euros in loan guarantees for countries unable to raise new money on the financial markets. Sweden and Poland, which are not members of the euro zone, are also associated with the instrument, which is to be supplemented by loans from the European Union and the International Monetary Fund to a total value of 750 billion euros.

The Eurogroup adopts a recommendation to the European Council of 17 June 2010 to enable Estonia to join the euro zone from 1 January 2011, thus becoming the 17th member of the Economic and Monetary Union.